

Statement by Attorney General Gregg Renkes
October 4, 2004

Thank you all for being here today. I appreciate the opportunity to speak publicly about matters of concern that have been raised regarding my dealings with companies involved in the development of Alaska's resources.

Today I plan to address the issues that have been raised regarding my involvement with companies that propose to develop the Cook Inlet coal fields in concert with the Taiwanese government. I will also detail the actions I have taken from the very beginning of serving with this administration to disclose my interest in resource development companies in my investment portfolio.

I believe I have been in full compliance with the law and the spirit of the law. When I was appointed Attorney General, in the very first filing of my financial statement required under state law, I disclosed my interest in KFx, as well as other financial interests.

And, every month, I am also required, as a Trustee of Alaska's Permanent Fund, to report any change in my investments. I have willingly and openly reported all of my financial interests. I have here with me a copy of my first APOC filing showing my disclosure of my interest in KFx.

So, from the very beginning, I have filed regular APOC reports and monthly disclosures as well.

In addition, I assigned day-to-day responsibility for managing my investment portfolio to a local investment broker in Juneau in order to further distance myself from day-to-day management of my financial affairs.

I was aware of my ownership of KFx stock, even though I had delegated investment decisions to my portfolio manager.

I knew that I could not take any official action which could affect any financial interest in that stock.

Therefore, before providing any assistance to the Governor's Office of International Trade concerning Taiwan's interest in Alaska coal, I disclosed to the Director of the Office of International Trade that I had a potential conflict and drew a line that I could not and did not go beyond. I made it clear to the Director, that in order to avoid any conflict-of-

interest, I could not direct, approve or take any official action that might benefit KFx and I did not.

At best, it is conjectural that I could receive any financial benefit from the assistance I provided the Director of International Trade. I am comfortable that my involvement in very preliminary government-to-government trade discussions did not violate the ethics act nor compromise the integrity of the office to which I have been appointed. I believed this when I was asked by the Governor to provide assistance and I believe this now.

Let me give you a little history.

I have worked with Governor Murkowski for 18 years to encourage the development of Alaska's energy resources. I served the Governor while he was Chair of the Senate Energy and Natural Resources Committee as Staff Director. In that role I became intimately familiar with Alaska's abundance of resources that could potentially meet the energy needs of countries around the world – especially in the Pacific Rim. In fact, 18 years ago I made a presentation on Alaska's coal at the Pacific Rim Coal Conference in Beijing, China.

After leaving public employment for the private sector in 1998, I was asked by KFx to serve on their technical advisory board. That led to my working as a consultant for the company starting in 1998.

Governor Murkowski has a long history of promoting Alaska trade with Asia and has been a staunch supporter of the developing democracy in Taiwan. This relationship led to the first visit of Taiwan's president to Alaska last October. During that visit the President of Taiwan and the Governor discussed the possibility of Alaska becoming a stable and secure supplier of coal to Taiwan. They discussed the vast Cook Inlet reserves and their potential for development. The Taiwanese were concerned about the quality of the coal resource, indicating that in the past they had determined that the low-energy quality of the coal prohibited its use in Taiwan. The Governor told the Taiwanese that he believed that a technology had been developed that could improve the quality of the coal.

The President of Taiwan offered to send a delegation of Taiwan utility officials to Alaska to learn more about Alaska's coal resources and the technology. The Governor assigned the responsibility for arranging the delegation's visit to his Director of International Trade. Because of my knowledge of Cook Inlet coal resources and my prior experience with KFx technology while I was in the public and the private sectors, the

Governor asked me to assist the director with the delegation's visit and on-going trade discussions.

So where are we now?

Let me now describe actions that I will take immediately to cure any potential conflict-of-interest and to ensure that there are no potential conflicts of interest in the future.

First, I am directing my investment counselor to divest all of my stock holdings in KFx. Further, I will donate to charity any profits that may have accrued to my account while in my current job. Therefore I will have received zero – zero - financial benefit from my investments in this company during my service as attorney general.

I have also directed that all of my investments be placed in a blind trust where they shall remain during my service as a public official in the Murkowski government. What that does is it removes from me any knowledge, participation or control of my investments.

Second, I asked the Governor, and he has agreed, to remove me from any responsibility or any activity that involves these companies.

Third, as you know I asked the Governor on Friday to go beyond the administration to seek outside counsel to review and evaluate my actions. I believe this process will remove any lingering doubt about my actions in my capacity as Attorney General. It is absolutely essential that the integrity of the Attorney General's office be preserved and maintained, and this process does just that.

On Friday, when I spoke to the media about the press conference being held today, I indicated that I would take questions. I was informed on Sunday that Governor Murkowski has already named outside counsel and the process for review has already begun. Therefore I am unable, and prudence would dictate, that I make no further statements or answer questions that deal with matters under review until such time as counsel completes the process and releases the report to the public.

I appreciate your time here today and I am eager for the expeditious conclusion of this process. I remain convinced that any of the public's questions will be fully addressed and all concerns satisfied.

Thank you very much.